

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2014

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CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
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Board of Education

(Before September 2013 Election)

Mike Webb	President	2015
Brad Shanks	Vice President	2013
Dave Luett	Board Member	2015
Lisa Cooper	Board Member	2015
Kris Nodtvedt	Board Member	2013

(After September 2013 Election)

Dave Luett	President	2015
Lisa Cooper	Vice President	2015
Mike Webb	Board Member	2015
Lynn Brady	Board Member	2017
Kris Nodtvedt	Board Member	2017

School Officials

Steve B. Ward	Superintendent
Gwen Mellmann	District Secretary/Treasurer

Gary E. Horton CPA

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Clarion, IA 50525-0384
(515)532-6681 Phone
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Independent Auditor's Report

To the Board of Education of
Central Springs Community School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Springs Community School District, Manly Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above presents fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Springs Community School District as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information and the Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 12 and 39 through 41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U. S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Central Springs Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2013 (which are not presented herein) and expressed an unmodified opinion on those financial statements. The supplementary information included in Schedules 1 through 9, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 30, 2015 on our consideration of Central Springs Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide and opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Central Springs Community School District's internal control over financial reporting and compliance.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

March 30, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Central Springs Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

2014 FINANCIAL HIGHLIGHTS

- General fund revenues increased from \$9,811,939 in fiscal year 2013 to \$10,073,619 in fiscal year 2014. While General fund expenditures decreased from \$9,443,642 in fiscal year 2013 to \$9,054,572 in fiscal year 2014. The District's General Fund balance increased from \$422,946 at the end of fiscal year 2013 to \$1,441,993 at the end of fiscal year 2014 a 241% increase.
- The fiscal year 2014 General Fund revenue increase was attributable to an increase in Regular Program District Cost; and other foundation aid formula increases. The decrease in expenditures was due to a reduced support position and under expenditure of some categorical funds. One reason the General Fund balance increased is because state aid/ allowable growth increased from the previous year.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Central Springs Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Central Springs Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which Central Springs Community School District acts solely as an agent or custodian for the benefit of those outside of District government.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year, as well as presenting the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary Information provides detailed information about the nonmajor governmental funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefitting the District.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

Figure A-1
Central Springs Community School District Annual Financial Report

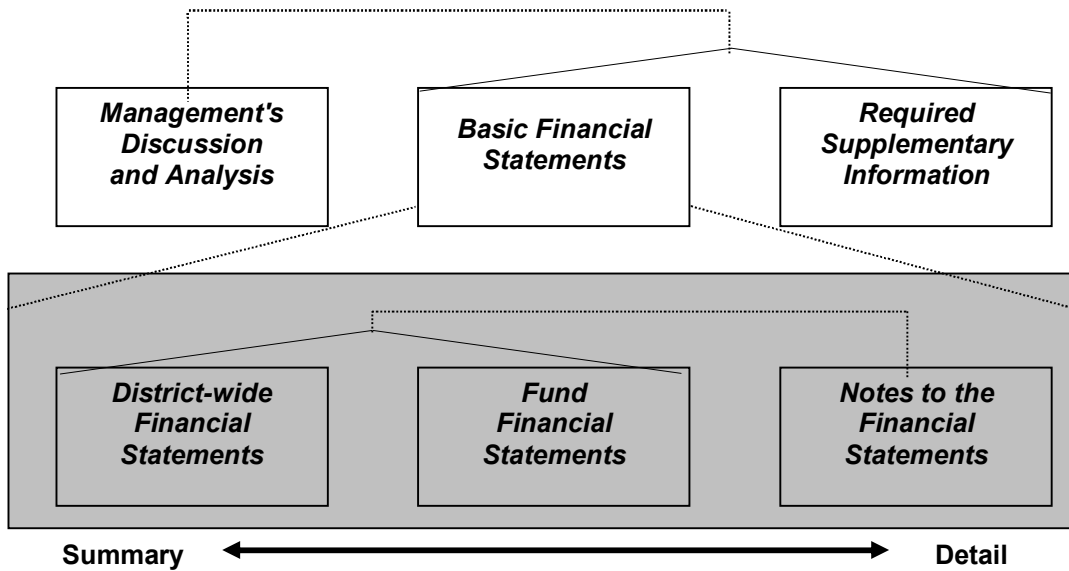


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2 Major Features of the Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and daycare	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is an indicator of whether financial position is improving or deteriorating.

To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- **Governmental activities:** Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- **Business type activities:** The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) **Governmental funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) **Proprietary funds:** Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has two Enterprise Funds, the School Nutrition Fund and the Daycare Fund.

The required financial statements for proprietary funds include a statement of net position, a statement of revenues, expenses and changes in fund net position and a statement of cash flows.

- 3) **Fiduciary funds:** The District is the trustee, or fiduciary, for assets that belong to others. These funds include a Private-Purpose Trust Fund.

- **Private-Purpose Trust Fund.** The District accounts for outside donations for scholarships for individual students in this fund.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net position and a statement of changes in fiduciary net position.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net position at June 30, 2014 compared to June 30, 2013.

Figure A-3

	Condensed Statement of Net Position						
	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2013	2014	2013	2014	2013	2014	2013-2014
	\$	\$	\$	\$	\$	\$	%
Current and other assets	9,298,952	9,489,296	40,836	31,688	9,339,788	9,520,984	2%
Capital assets	3,487,303	3,924,501	73,954	64,769	3,561,257	3,989,270	12%
Total assets	12,786,255	13,413,797	114,790	96,457	12,901,045	13,510,254	5%
Long-term liabilities	1,384,407	1,030,991	6,589	10,150	1,390,996	1,041,141	-25%
Other liabilities	1,232,851	994,578	40,177	29,610	1,273,028	1,024,188	-20%
Total liabilities	2,617,258	2,025,569	46,766	39,760	2,664,024	2,065,329	-22%
Deferred inflows of resources	4,267,206	3,914,305	6,008	6,485	4,273,214	3,920,790	-8
Net Position:							
Net Investment in							
Capital assets	2,362,303	3,144,501	73,954	64,769	2,436,257	3,209,270	32%
Restricted	3,074,402	2,951,804	-	-	3,074,402	2,951,804	-4%
Unrestricted	465,086	1,377,618	(11,938)	(14,557)	453,148	1,363,061	201%
TOTAL NET POSITION	5,901,791	7,473,923	62,016	50,212	5,963,807	7,524,135	26%

The District's total net position increased 26% or \$1,560,328, from the prior year. The largest portion of the District's net position is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets decreased \$122,598 or 4% from the prior year. The decrease was primarily a result of the District carrying over fund balances to fiscal year 2014 for the purpose of funding professional development days for curriculum and 1:1 initiative programs.

Unrestricted net assets . the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements . increased \$909,913 or 201%.

Figure A-4 shows the changes in net position for the year ended June 30, 2014 compared to the year ended June 30, 2013.

Figure A-4

Changes in Net Position from Operating Results

	Governmental Activities		Business-type Activities		Total School District		Percentage Change
	2013	2014	2013	2014	2013	2014	2013.-2014
Revenues							
Program Revenues							
Charges for services	1,450,439	1,185,122	212,101	227,180	1,662,540	1,412,302	-15%
Operating Grants & Contributions	1,216,143	1,257,077	268,462	241,388	1,484,605	1,498,465	1%
Capital Grants & Contributions	-	-	33,753	-	33,753	-	-100%
General Revenues							
Property taxes	4,166,142	4,328,537	-	-	4,166,142	4,328,537	4%
Income Surtax	254,468	306,465	-	-	254,468	306,465	20%
Statewide sales services & use tax	809,854	749,176	-	-	809,854	749,176	-7%
Unrestricted State Grants	3,736,256	3,872,522	-	-	3,736,256	3,872,522	4%
Unrestricted Investment Earnings	7,724	6,180	20	8	7,744	6,188	-20%
Other	-	(2,089)	-	-	-	(2,089)	-100%
Total Revenues	11,641,026	11,702,990	514,336	468,576	12,155,362	12,171,566	<1%
Expenses							
Instruction	6,889,130	5,864,669	-	-	6,889,130	5,864,669	51%
Support Services	3,289,359	3,553,952	-	-	3,289,359	3,553,952	8%
Non-Instructional Programs	-	-	515,865	480,380	515,865	480,380	-7%
Other Expenses	644,651	712,237	-	-	644,651	712,237	10%
Total Expenses	10,823,140	10,130,858	515,865	480,380	11,339,005	10,611,238	-6%
Change in Net Position	817,886	1,572,132	(1,529)	(11,804)	816,357	1,560,328	91%
Net position beginning of year	5,083,905	5,901,791	63,545	62,016	5,147,450	5,963,807	16%
Net position end of year	5,901,791	7,473,923	62,016	50,212	5,963,807	7,524,135	26%

In fiscal year 2014 property tax and unrestricted state grants account for 67% of the total revenue. The District's expenses primarily relate to instruction and support services, which account for 89% of the total expenses.

Governmental Activities

Revenues for governmental activities were \$11,702,990 and expenses were \$10,130,858. In a difficult budget year, the District was able to balance the budget by trimming expenses to match available revenues.

The following table presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5

Net Cost of Governmental Activities

	Total Cost of Services	Total Cost of Services	Net Cost of Services	Net Cost of Services
	2013	2014	2013	2014
Instruction	6,889,130	5,864,669	4,581,534	3,830,332
Support Services	3,289,359	3,553,952	3,280,738	3,508,881
Other Expenses	644,651	712,237	294,286	349,446
TOTAL	10,823,140	10,130,858	8,156,558	7,688,659

For the year ended June 30, 2014

- The cost financed by users of the District's programs was \$1,185,122. Most of these revenues are derived from tuition charged to other school districts and from student activities.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$1,257,077.
- The net cost of governmental activities was financed with \$5,384,178 in property and local other taxes and \$3,872,522 in unrestricted state grants.

Business Type Activities

Revenues for business type activities were \$468,576 and expenses were \$480,380. The District's business type activities include the School Nutrition Fund, a Child Care program at the Nora Springs campus, and a Child Care program in its second year at the Manly campus. Revenues of these activities were comprised of charges for service, federal and state reimbursements and investment income.

During the year ended June 30, 2014, the District increased meal prices again to align closer with federal recommended rates. Grab and Go Breakfast continued to be offered at the Nora Springs campus and was started at the Manly campus. This helped to offset the increase in food prices and delivery costs. Both Child Care programs at each campus were well attended by the lower elementary grade students who were enrolled in the Preschool.

INDIVIDUAL FUND ANALYSIS

As previously noted, Central Springs Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$4,319,169 well above last year's ending fund balances of \$3,540,445.

Governmental Fund Highlights

- The District's improved General Fund financial position is the result of many factors. Growth during the year in tax and grants resulted in an increase in revenues. Continued use of the Capitol Projects Sales Tax Fund for expenditures that were formerly paid for with property tax lessened the burden on the General Fund.
- The General Fund balance increased from \$422,946 to \$1,441,993, due in part to levying of cash reserve funds, absorbing retirement positions, change over in staff, the negotiated salary and benefits settlement and reduction in expenditures from the previous year.
- The Capital Projects Fund balance decreased due to funds being used to purchase equipment and software to implement a 1:1 technology initiative in the district; improvements to the high school football facilities, purchase of transportation equipment; roof repairs and improvements to the gym facilities at both campuses. The District ended fiscal 2013 with a balance of \$2,632,240. Fiscal 2014 ended with a balance of \$2,332,539.

Proprietary Fund Highlights

School Nutrition Fund net position decreased from \$71,030 at June 30, 2013 to \$48,244 at June 30, 2014, representing a decrease of 32%. Lunch prices were increased for fiscal year 2014, Grab and Go Breakfast was offered in Nora Springs, but rising costs in food and a decrease in commodities offered continue to

minimize our available cash in the nutrition fund. The daycare services offered at both campuses are being utilized by our lower elementary students who attend our preschools.

BUDGETARY HIGHLIGHTS

Over the course of the year, revenues were less than reported in the published budget. Likewise expenditures were also less than reported in the budget. Therefore no amendment to the budget was needed.

The District's receipts were \$261,588 less than budgeted receipts, a variance of 2%.

Total expenditures were less than budgeted, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

In spite of the District's budgetary practice, the certified budget was exceeded in the other expenditures functional area due to the timing of expenditures at year-end without sufficient time to amend the certified budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2014, the District had invested \$3.9 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase of 12% from last year. More detailed information about the District's capital assets is presented in Note 5 to the financial statements. Depreciation expense for the year was \$356,561.

Figure A-6

Capital Assets (net of depreciation)

	Governmental Activities		Business type Activities		Total School District		Percentage Change
	2013	2014	2013	2014	2013	2014	2013-2014
	\$	\$	\$	\$	\$	\$	%
Land	83,500	83,500	-	-	83,500	83,500	0%
Buildings	2,611,559	2,842,540	-	-	2,611,559	2,842,540	9%
Improvements	274,531	249,121	-	-	274,531	249,121	-9%
Equipment & furniture	517,714	749,340	73,954	64,770	591,668	814,110	38%
TOTAL	3,487,304	3,924,501	73,954	64,770	3,561,258	3,989,271	12%

Long-Term Debt

At June 30, 2014 the District had \$1,041,141 in general obligation, revenue and other long-term debt outstanding. This represents a decrease of approximately 25% from last year. (See Figure A-7) Additional information about the District's long-term debt is presented in Note 6 to the financial statements.

Figure A-7
Outstanding Long-Term Obligations

	Total School District		Percentage Change
	2013	2014	2013-2014
	\$	\$	%
Governmental activities:			
General obligation bonds	1,010,000	740,000	-27%
Revenue bonds	115,000	40,000	-65%
Termination benefits	167,157	108,885	-35%
Net OPEB liability	92,250	142,106	54%
	<u>1,384,407</u>	<u>1,030,991</u>	<u>-26%</u>
Business type activities:			
Net OPEB liability	<u>6,589</u>	<u>10,150</u>	<u>54%</u>

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- School financing is highly dependent upon student enrollment. The District's October 2014 enrollment decreased which in turn will decrease the District's funding for fiscal year 2015.
- Decreasing enrollment in the District's lower grade levels will allow the District to absorb several open positions left by personnel taking the early retirement package offered by the Board.
- The District completed payment on the revenue bonds and will look at paying off the General Obligation bonds a year early due to the current balance in the capitol projects fund.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Gwen Mellmann, District Secretary/Treasurer and Business Manager, Central Springs Community School District, 105 S East Street, Manly, IA 50456.

BASIC FINANCIAL STATEMENTS

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2014

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Assets			
Cash and cash equivalents:			
Other	4,793,795	36,890	4,830,685
Receivables:			
Property tax:			
Delinquent	43,504	-	43,504
Succeeding year	3,914,305	-	3,914,305
Accounts	-	904	904
Accrued interest:			
Interfund receivable	19,000	(19,000)	-
Due from other governments	714,513	-	714,513
Inventories	-	12,894	12,894
Unamortized bond issue costs	4,179	-	4,179
Capital assets, net of accumulated depreciation	3,924,501	64,769	3,989,270
Total assets	13,413,797	96,457	13,510,254
Liabilities			
Accounts payable	144,300	-	144,300
Salaries and benefits payable	843,134	29,610	872,744
Accrued interest payable	7,144	-	7,144
Long-term liabilities:			
Portion due within one year:			
General obligation bonds payable	280,000	-	280,000
Revenue bonds payable	40,000	-	40,000
Termination benefits	46,297	-	46,297
Portion due after one year:			
General obligation bonds payable	460,000	-	460,000
Termination benefits	62,588	-	62,588
Net OPEB liability	142,106	10,150	152,256
Total liabilities	2,025,569	39,760	2,065,329
Deferred Inflows of Resources:			
Unavailable property tax revenue	3,914,305	-	3,914,305
Other	-	6,485	6,485
Total deferred inflows of resources	3,914,305	6,485	3,920,790

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2014

	Governmental Activities	Business Type Activities	Total
	\$	\$	\$
Net Position			
Net investment in capital assets	3,144,501	64,769	3,209,270
Restricted for:			
Categorical funding	190,657	-	190,657
Management levy	356,657	-	356,657
Student activities	25,604	-	25,604
Physical plant and equipment levy purposes	91,283	-	91,283
School infrastructure	2,241,256	-	2,241,256
Debt service	46,347	-	46,347
Unrestricted	1,377,618	(14,557)	1,363,061
Total net position	7,473,923	50,212	7,524,135

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Statement of Activities

Year ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for	Operating	Capital Grants,
		Services	Grants,	Contributions and
			and Restricted	Restricted Interest
	\$	\$	Interest	\$
Governmental activities:				
Instruction:				
Regular	3,561,094	963,907	666,298	-
Special	1,147,607	65,810	93,577	-
Other	1,155,968	116,591	128,154	-
	<u>5,864,669</u>	<u>1,146,308</u>	<u>888,029</u>	<u>-</u>
Support services:				
Student	296,635	-	-	-
Instructional staff	781,712	37,038	-	-
Administration	906,087	-	-	-
Operation and maintenance of plant	930,533	1,776	-	-
Transportation	638,985	-	6,257	-
	<u>3,553,952</u>	<u>38,814</u>	<u>6,257</u>	<u>-</u>
Other expenditures:				
Facilities acquisition	165,252	-	-	-
Long-term debt interest	41,673	-	-	-
AEA flowthrough	362,791	-	362,791	-
Depreciation (unallocated)*	142,521	-	-	-
	<u>712,237</u>	<u>-</u>	<u>362,791</u>	<u>-</u>
Total governmental activities	<u>10,130,858</u>	<u>1,185,122</u>	<u>1,257,077</u>	<u>-</u>
Business type activities:				
Non-instructional programs:				
Food service operations	427,208	176,732	227,682	-
Daycare	53,172	50,448	13,706	-
Total business-type activities	<u>480,380</u>	<u>227,180</u>	<u>241,388</u>	<u>-</u>
Total	<u>10,611,238</u>	<u>1,412,302</u>	<u>1,498,465</u>	<u>-</u>
General Revenues:				
Property taxes levied for:				
General purposes				
Debt service				
Capital outlay				
Income surtax				
Statewide sales, services and use tax				
Unrestricted state grants				
Unrestricted investment earnings				
Other				
Total general revenues				

Change in net position

Net position beginning of year

Net position end of year

*This amount excludes the depreciation that is included in the direct expenses of the various programs.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business Type Activities	Total
\$	\$	\$
(1,930,889)	-	(1,930,889)
(988,220)	-	(988,220)
(911,223)	-	(911,223)
<u>(3,830,332)</u>	<u>-</u>	<u>(3,830,332)</u>
(296,635)	-	(296,635)
(744,674)	-	(744,674)
(906,087)	-	(906,087)
(928,757)	-	(928,757)
(632,728)	-	(632,728)
<u>(3,508,881)</u>	<u>-</u>	<u>(3,508,881)</u>
(165,252)	-	(165,252)
(41,673)	-	(41,673)
-	-	-
(142,521)	-	(142,521)
<u>(349,446)</u>	<u>-</u>	<u>(349,446)</u>
<u>(7,688,659)</u>	<u>-</u>	<u>(7,688,659)</u>
-	(22,794)	(22,794)
-	10,982	10,982
-	<u>(11,812)</u>	<u>(11,812)</u>
<u>(7,688,659)</u>	<u>(11,812)</u>	<u>(7,700,471)</u>
3,904,686	-	3,904,686
310,873	-	310,873
112,978	-	112,978
306,465	-	306,465
749,176	-	749,176
3,872,522	-	3,872,522
6,180	8	6,188
<u>(2,089)</u>	<u>-</u>	<u>(2,089)</u>
<u>9,260,791</u>	<u>8</u>	<u>9,260,799</u>
1,572,132	(11,804)	1,560,328
<u>5,901,791</u>	<u>62,016</u>	<u>5,963,807</u>
<u>7,473,923</u>	<u>50,212</u>	<u>7,524,135</u>

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Balance Sheet
Governmental Funds

June 30, 2014

	General	Capital Projects	Nonmajor	Total
	\$	\$	\$	\$
Assets				
Cash and pooled investments	2,183,852	2,070,817	539,126	4,793,795
Receivables:				
Property tax:				
Delinquent	36,853	1,140	5,511	43,504
Succeeding year	3,192,474	113,606	608,225	3,914,305
Interfund receivable	19,000	-	-	19,000
Due from other governments	453,931	260,582	-	714,513
Total assets	5,886,110	2,446,145	1,152,862	9,485,117
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	144,300	-	-	144,300
Salaries and benefits payable	843,134	-	-	843,134
Total liabilities	<u>987,434</u>	<u>-</u>	<u>-</u>	<u>987,434</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	3,192,474	113,606	608,225	3,914,305
Income surtax	264,209	-	-	264,209
Total deferred inflows of resources	<u>3,456,683</u>	<u>113,606</u>	<u>608,225</u>	<u>4,178,514</u>
Fund balances:				
Restricted for:				
Categorical funding	190,657	-	-	190,657
Debt service	-	-	53,491	53,491
Management levy	-	-	465,542	465,542
Student activities	-	-	25,604	25,604
School infrastructure	-	2,241,256	-	2,241,256
Physical plant and equipment	-	91,283	-	91,283
Unassigned	1,251,336	-	-	1,251,336
Total fund balances	<u>1,441,993</u>	<u>2,332,539</u>	<u>544,637</u>	<u>4,319,169</u>
Total liabilities, deferred inflows of resources and fund balances	5,886,110	2,446,145	1,152,862	9,485,117

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds
to the Statement of Net Position

June 30, 2014

\$

Total fund balances of governmental funds (Exhibit C)

4,319,169

***Amounts reported for governmental activities in the
Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.

3,924,501

Other long-term assets are not available to pay current year expenditures and, therefore, are deferred in the governmental funds.

264,209

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds.

(7,144)

Long-term liabilities, including bonds payable, termination benefits, and other post employment benefits payable, are not due and payable in the current year and therefore, are not reported as liabilities in the governmental funds.

(1,026,812)**Net assets of governmental activities (Exhibit A)**7,473,923

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

Year ended June 30, 2014

	General	Capital Projects	Nonmajor	Total
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	3,930,973	862,154	587,670	5,380,797
Tuition	373,137	-	-	373,137
Other	640,253	2,700	175,212	818,165
State sources	4,856,815	57	286	4,857,158
Federal sources	272,441	-	-	272,441
Total revenues	<u>10,073,619</u>	<u>864,911</u>	<u>763,168</u>	<u>11,701,698</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,901,226	-	2,357	3,903,583
Special	1,137,941	-	-	1,137,941
Other	987,050	-	163,831	1,150,881
	<u>6,026,217</u>	<u>-</u>	<u>166,188</u>	<u>6,192,405</u>
Support services:				
Student	290,167	-	-	290,167
Instructional staff	251,614	528,063	-	779,677
Administration	856,997	-	43,595	900,592
Operation and maintenance of plant	742,050	44,355	166,896	953,301
Transportation	524,736	-	17,786	542,522
	<u>2,665,564</u>	<u>572,418</u>	<u>228,277</u>	<u>3,466,259</u>
Other expenditures:				
Facilities acquisition	-	513,344	-	513,344
Long-term debt:				
Principal	-	-	345,000	345,000
Interest and fiscal charges	-	-	43,175	43,175
AEA flowthrough	362,791	-	-	362,791
	<u>362,791</u>	<u>513,344</u>	<u>388,175</u>	<u>1,264,310</u>
Total expenditures	<u>9,054,572</u>	<u>1,085,762</u>	<u>782,640</u>	<u>10,922,974</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,019,047</u>	<u>(220,851)</u>	<u>(19,472)</u>	<u>778,724</u>
Other financing sources (uses):				
Operating transfers in	-	-	78,850	78,850
Operating transfers out	-	(78,850)	-	(78,850)
Total other financing sources (uses)	<u>-</u>	<u>(78,850)</u>	<u>78,850</u>	<u>-</u>
Change in fund balances	1,019,047	(299,701)	59,378	778,724
Fund balances beginning of year	<u>422,946</u>	<u>2,632,240</u>	<u>485,259</u>	<u>3,540,445</u>
Fund balances end of year	<u><u>1,441,993</u></u>	<u><u>2,332,539</u></u>	<u><u>544,637</u></u>	<u><u>4,319,169</u></u>

See notes to financial statements.

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds to the
Statement of Activities

Year ended June 30, 2014

	\$	\$
Change in fund balances - total governmental funds (Exhibit E)		778,724

**Amounts reported for governmental activities in the
Statement of Activities are different because:**

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. Capital outlay expenditures and depreciation expense in the current year are as follows:

Expenditures for capital assets	784,575	
Depreciation expense	<u>(347,377)</u>	437,198

Income surtaxes and receivables not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the Statement of Activities.

3,381

Repayment of long-term liability principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

345,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities interest expense is recognized as the interest accrues, regardless of when it is due.

1,502

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Termination benefits	58,272	
Other postemployment benefits	<u>(49,856)</u>	8,416

Amortization bond issue costs		<u>(2,089)</u>
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Changes in net position of governmental activities (Exhibit B)		<u><u>1,572,132</u></u>
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CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Statement of Net Position
Proprietary Funds

June 30, 2014

	Nonmajor Enterprise Funds
	\$
Assets	
Current assets:	
Cash, cash equivalents and pooled investments	36,890
Accounts receivable	904
Inventories	12,894
Total current assets	<u>50,688</u>
Noncurrent assets:	
Capital assets, net of accumulated depreciation	<u>64,769</u>
Total assets	<u>115,457</u>
Liabilities	
Current liabilities:	
Payable to general fund	19,000
Salaries and benefits payable	29,610
Deferred revenue	6,485
Total current liabilities	<u>55,095</u>
Noncurrent liabilities:	
Net OPEB liability	<u>10,150</u>
Total liabilities	<u>65,245</u>
Net Position	
Investment in capital assets	64,769
Unrestricted	<u>(14,557)</u>
Total net position	<u><u>50,212</u></u>

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds

Year ended June 30, 2014

	Nonmajor Enterprise Funds
	<u>\$</u>
Operating revenue:	
Local sources:	
Charges for service	<u>227,180</u>
Operating expenses:	
Non-instructional programs:	
Salaries	160,620
Benefits	53,415
Purchased services	1,422
Supplies	255,738
Depreciation	9,185
Total operating expenses	<u>480,380</u>
Operating income (loss)	<u>(253,200)</u>
Non-operating revenue:	
State sources	4,001
Federal sources	237,387
Interest income	8
Total non-operating revenue	<u>241,396</u>
Change in net position	(11,804)
Net position beginning of year	<u>62,016</u>
Net position end of year	<u><u>50,212</u></u>

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows
Proprietary Funds

Year ended June 30, 2014

	Nonmajor Enterprise Funds
	<u>\$</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	176,684
Cash received from daycare services	54,113
Cash paid to employees for services	(220,472)
Cash paid to suppliers for goods or services	(224,391)
Net cash used by operating activities	<u>(214,066)</u>
Cash flows from non-capital financing activities:	
Loans from (repaid) to other funds	19,000
State grants received	4,001
Federal grants received	207,650
Net cash provided by non-capital financing activities	<u>230,651</u>
Cash flows from capital and related financing activities	<u>-</u>
Cash flows from investing activities:	
Interest on investments	<u>8</u>
Net increase (decrease) in cash and cash equivalents	16,593
Cash and cash equivalents at beginning of year	<u>20,297</u>
Cash and cash equivalents at end of year	<u><u>36,890</u></u>
Reconciliation of operating income (loss) to net cash used by operating activities:	
Operating income (loss)	(253,200)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Commodities used	29,737
Depreciation	9,185
Decrease (increase) in inventories	3,601
Decrease (increase) in accounts receivable	3,140
(Decrease) increase in accounts payable	(569)
(Decrease) increase in salaries and benefits payable	(9,998)
(Decrease) increase in deferred revenue	477
(Decrease) increase in other postemployment benefits	3,561
Net cash used by operating activities	<u><u>(214,066)</u></u>

Non-cash investing, capital and financing activities:

During the year ended June 30, 2014, the District received \$29,737 of federal commodities.

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Position
Fiduciary Funds

June 30, 2014

	Private Purpose Trust Scholarship
	<u>\$</u>
Assets	
Cash, cash equivalents and pooled investments	8,152
Accrued interest receivable	<u>13</u>
Total Assets	<u>8,165</u>
Liabilities	<u>-</u>
Net Position	
Reserved for scholarships	<u><u>8,165</u></u>

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position
Fiduciary Funds

Year ended June 30, 2014

	Private Purpose Trust Scholarship <u>\$</u>
Additions:	
Local sources:	
Gifts and contributions	5,000
Interest	<u>13</u>
Total additions	5,013
Deductions:	
Instruction:	
Scholarships awarded	<u>4,500</u>
Change in net position	513
Net position beginning of year	<u>7,652</u>
Net position end of year	<u><u>8,165</u></u>

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2014

1. Summary of Significant Accounting Policies

Central Springs Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic area served includes the Cities of Hanlontown, Manly, Nora Springs, Plymouth and Rock Falls, Iowa and the predominately agricultural territory in a portion of Cerro Gordo, Floyd, Mitchell and Worth Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Central Springs Community School District has included all funds, organizations, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Central Springs Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the County Assessor's Conference Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the District's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net invested in capital assets, consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements . Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Project Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instruction, support and other costs.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District's proprietary funds consist of the Enterprise, School Nutrition Fund and Daycare Fund. These funds are used to account for the food service and day care operations of the District.

The District also reports fiduciary funds which focus on net position and changes in net position. The District's fiduciary funds include the following:

The Private-Purpose Trust Fund is used to account for assets held by the District under trust agreements, which require income earned to be used to benefit individuals through scholarship awards.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the

current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants, and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments, and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted, net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the district's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications . committed, assigned, and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the balance sheet:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable . Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax

receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2012 assessed property valuations; is for the tax accrual period July 1, 2013, through June 30, 2014, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April, 2013.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

Capital Assets . Capital assets, which include property, furniture, equipment and intangibles, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
	\$
Land	1,000
Buildings	10,000
Improvements other than buildings	10,000
Intangibles	75,000
Furniture and equipment:	
School Nutrition Fund equipment	10,000
Other furniture and equipment	10,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Intangibles	5-10 years
Furniture and equipment	5-15 years

The District's collection of library books and other similar materials are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to District policy that requires proceeds from the sale of these items, if any, to be used to acquire other collection items.

Salaries and Benefits Payable . Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Advances from Grantors . Grant proceeds which have been received by the District but will be spent in a succeeding fiscal year.

Compensated Absences - District employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use. Employees are not paid for unused vacation and sick leave benefits when employment with the District ends.

Long-term Liabilities . In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Position.

Deferred Revenue . Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivables and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Fund Equity . In the governmental fund financial statements fund balances are classified as follows:

Restricted . Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Unassigned . All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2014, expenditures exceeded the amounts budgeted in the other expenditures function.

2. **Cash, Cash Equivalents and Pooled Investments**

The District's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2014, the District had investments in the Iowa Schools Joint Investment Trust Direct Government Obligations Portfolio, which are valued at an amortized cost of \$101,301 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust was rated AAAM by Standard & Poor's Financial Services.

3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2014 is as follows:

Transfer To	Transfer From	Amount
		\$
Nonmajor Governmental, Debt Service	Capital Projects	78,850

This transfer moved revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

4. Interfund Receivables and Payables

The detail of interfund receivables and payables at June 30, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
		\$
General Fund	Nonmajor Enterprise: School Nutrition	19,000

The General Fund has loaned the School Nutrition Fund money for cash flow.

5. Capital Assets

Capital assets activity for the year ended June 30, 2014 was as follows:

	Balance Beginning of Year- adjusted	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Governmental activities:				
Capital assets not being depreciated:				
Land	83,500	-	-	83,500
Capital assets being depreciated:				
Buildings	6,960,048	348,091	-	7,308,139
Improvements other than buildings	613,693	-	-	613,693
Furniture and equipment	1,805,598	436,483	-	2,242,081
Total capital assets being deprec.	9,379,339	784,574	-	10,163,913
Less accumulated depreciation for:				
Buildings	4,348,489	117,110	-	4,465,599
Improvements other than buildings	339,162	25,410	-	364,572
Furniture and equipment	1,287,884	204,857	-	1,492,741
Total accumulated depreciation	5,975,535	347,377	-	6,322,912
Total capital assets being depreciated, net	3,403,804	437,197	-	3,841,001

Governmental activities capital assets, net	<u>3,487,304</u>	<u>437,197</u>	<u>-</u>	<u>3,924,501</u>
	Balance Beginning of Year	Increases	Decreases	Balance End of Year
	\$	\$	\$	\$
Business type activities:				
Furniture and equipment	140,702	-	-	140,702
Less accumulated depreciation	<u>66,748</u>	<u>9,185</u>	<u>-</u>	<u>75,933</u>
Business type activities capital assets, net	<u>73,954</u>	<u>(9,185)</u>	<u>-</u>	<u>64,769</u>

Depreciation expense was charged to the following functions:

	<u>Amount</u>
	\$
Governmental activities:	
Instruction:	
Regular	94,374
Support Services:	
Student services	4,942
Administration	3,460
Operation and maintenance of plant services	6,127
Transportation	<u>95,954</u>
	204,857
Unallocated depreciation	<u>142,520</u>
Total depreciation expense . governmental activities	<u>347,377</u>
Business type activities:	
Food services	<u>9,185</u>

6. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2014, are summarized as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Governmental activities:					
General obligation bonds	1,010,000	-	270,000	740,000	280,000
Revenue bonds	115,000	-	75,000	40,000	40,000
Termination benefits	167,157	-	58,272	108,885	46,297
Net OPEB liability	<u>92,250</u>	<u>49,856</u>	<u>-</u>	<u>142,106</u>	<u>-</u>
Total	<u>1,384,407</u>	<u>49,856</u>	<u>403,272</u>	<u>1,030,991</u>	<u>366,297</u>

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
	\$	\$	\$	\$	\$
Business type activities:					
Net OPEB liability	6,589	3,561	-	10,150	-

Termination Benefits

The District approved a voluntary early retirement plan for employees. Eligible employees must have completed at least fifteen years of full-time service to the District and must have reached the age of fifty-five on or before June 30 in the calendar year in which early retirement commences. The application for early retirement is subject to approval by the Board of Education.

At June 30, 2014, the District has obligations to 12 participants with a total liability of \$108,885. Actual early retirement expenditures for the year ended June 30, 2014 totaled \$58,272.

General Obligation Bonds

Details of the District's June 30, 2014 general obligation bonded indebtedness are as follows:

Year Ending June 30,	Refunding Bond Issue of April 2004			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2015	3.60	280,000	27,725	307,725
2016	3.70	285,000	17,195	302,195
2017	3.80	175,000	6,650	181,650
		<u>740,000</u>	<u>51,570</u>	<u>791,570</u>

Revenue Bonds

Details of the District's June 30, 2014 statewide sales, services and use tax revenue bonded indebtedness are as follows:

Year Ending June 30,	Bond Issue of September 2005			
	Interest Rates	Principal	Interest	Total
	%	\$	\$	\$
2015	4.0	40,000	800	40,800

7. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.95% of their annual covered salary and the District is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. The District's contributions to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$462,484, \$456,142, and \$352,896 respectively, equal to the required contributions for each year.

8. Risk Management

Central Springs Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$362,791 for the year ended June 30, 2014 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

10. Other Postemployment Benefits (OPEB)

Plan Description - The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 105 active and 9 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation - The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

	\$
Annual required contribution	75,983
Interest on net OPEB obligation	2,471
Adjustment to annual required contribution	(4,366)
Annual OPEB cost	74,088
Contributions made	20,671
Increase in net OPEB obligation	53,417
Net OPEB obligation beginning of year	98,839
Net OPEB obligation end of year	152,256

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2011. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the District contributed \$20,671 to the medical plan. Plan members eligible for benefits contributed \$42,782 of the premium costs.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation are summarized as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
	\$	%	\$
2012	69,059	28.8	49,200
2013	70,353	29.4	98,839
2014	74,088	27.9	152,256

Funded Status and Funding Progress - As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$404,477, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$404,477. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$4,037,000, and the ratio of the UAAL to covered payroll was 10%. As of June 30, 2014, there were no trust fund assets.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2011 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the District's funding policy. The projected annual medical trend rate is 11%. The ultimate medical trend rate is 6%. The medical trend rate is reduced 0.5% each year until reaching the 6% ultimate trend rate. An inflation rate of 0% is assumed for the purpose of this computation.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the retirement probabilities from the IPERS Actuarial Report as of June 30, 2007 and applying the termination factors used in the IPERS Actuarial Report as of June 30, 2007.

The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

11. Categorical Funding

The District's restricted fund balance for categorical funding at June 30, 2014 is comprised of the following programs:

Program	Amount
	\$
Teacher salary supplement	2,188
Iowa core curriculum	44,945
Educator quality, professional development	51,559
Talented and gifted	50,845
Dropout prevention	9,441
Early readers	16,577
Teacher leadership	8,210
Mentoring	227
Market factor	6,665
	<u>190,657</u>

12. Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions . an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Budgetary Comparison Schedule of Revenues, Expenditures/Expenses, and Changes in Balances -
Budget and Actual - All Governmental Funds and Proprietary Fund

Required Supplementary Information

Year ended June 30, 2014

	Governmental Fund Actual	Proprietary Fund Actual	Total Actual	Budgeted Amounts		Final to Actual Variance - Positive (Negative)
	\$	\$	\$	Original \$	Final \$	\$
Revenues:						
Local sources	6,572,099	227,188	6,799,287	6,778,374	6,778,374	20,913
State sources	4,857,158	4,001	4,861,159	4,884,488	4,884,488	(23,329)
Federal sources	272,441	237,387	509,828	769,000	769,000	(259,172)
Total revenues	<u>11,701,698</u>	<u>468,576</u>	<u>12,170,274</u>	<u>12,431,862</u>	<u>12,431,862</u>	<u>(261,588)</u>
Expenditures/Expenses:						
Instruction	6,192,405	-	6,192,405	8,210,000	8,210,000	2,017,595
Support services	3,466,259	-	3,466,259	3,940,819	3,940,819	474,560
Non-instructional programs	-	480,380	480,380	500,000	500,000	19,620
Other expenditures	1,264,310	-	1,264,310	1,145,374	1,145,374	(118,936)
Total expenditures/expenses	<u>10,922,974</u>	<u>480,380</u>	<u>11,403,354</u>	<u>13,796,193</u>	<u>13,796,193</u>	<u>2,392,839</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	778,724	(11,804)	766,920	(1,364,331)	(1,364,331)	2,131,251
Balance beginning of year	<u>3,540,445</u>	<u>62,016</u>	<u>3,602,461</u>	<u>3,997,446</u>	<u>3,997,446</u>	<u>(394,985)</u>
Balance end of year	<u><u>4,319,169</u></u>	<u><u>50,212</u></u>	<u><u>4,369,381</u></u>	<u><u>2,633,115</u></u>	<u><u>2,633,115</u></u>	<u><u>1,736,266</u></u>

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Notes to Required Supplementary Information - Budgetary Reporting

Year ended June 30, 2014

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Internal Service, Private Purpose Trust and Agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by the fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula.

During the year ended June 30, 2014, expenditures exceeded the amounts budgeted in the other expenditures function.

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Schedule of Funding Progress for the Retiree Health Plan

Required Supplementary Information

Year Ended June 30,	Actuarial Valuation Date	Actuarial Value of Assets (a) \$	Actuarial Accrued Liability (AAL) (b) \$	Unfunded AAL (UAAL) (b-a) \$	Funded Ratio (a/b) %	Covered Payroll (c) \$	UAAL as a Percentage of Covered Payroll ((b-a)/c) %
2012	July 1, 2011	-	447,682	447,682	0.0%	4,374,000	10.2%
2013	July 1, 2011	-	430,154	430,154	0.0%	4,443,000	9.7%
2014	July 1, 2011	-	404,477	404,477	0.0%	4,037,000	10.0%

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

SUPPLEMENTARY INFORMATION

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2014

Assets	Special Revenue Funds		Debt Service	Total
	Management Levy	Student Activity		
	\$	\$	\$	\$
Cash, cash equivalents and pooled investments	462,694	25,604	50,828	539,126
Receivables:				
Property tax:				
Delinquent	2,848	-	2,663	5,511
Succeeding year	300,001	-	308,224	608,225
Total assets	765,543	25,604	361,715	1,152,862
Liabilities, Deferred Inflows of Resources & Fund Balances				
Liabilities	-	-	-	-
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	300,001	-	308,224	608,225
Fund balances:				
Restricted for:				
Debt service	-	-	53,491	53,491
Management levy	465,542	-	-	465,542
Student activities	-	25,604	-	25,604
Total fund balances	465,542	25,604	53,491	544,637
Total liabilities, deferred inflows of resources and fund balances	765,543	25,604	361,715	1,152,862

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2014

	Special Revenue Funds		Debt	
	Management	Student	Service	Total
	Levy	Activity		
	\$	\$	\$	\$
Revenues:				
Local sources:				
Local tax	276,797	-	310,873	587,670
Other	14,567	160,645	-	175,212
State sources	144	-	142	286
Total revenues	<u>291,508</u>	<u>160,645</u>	<u>311,015</u>	<u>763,168</u>
Expenditures:				
Current:				
Instruction:				
Regular instruction	2,357	-	-	2,357
Other instruction	-	163,831	-	163,831
Support services:				
Administration services	43,595	-	-	43,595
Operation and maintenance of plant services	166,896	-	-	166,896
Transportation services	17,786	-	-	17,786
Other expenditures:				
Long-term debt:				
Principal	-	-	345,000	345,000
Interest and fiscal charges	-	-	43,175	43,175
Total expenditures	<u>230,634</u>	<u>163,831</u>	<u>388,175</u>	<u>782,640</u>
Excess (deficiency) of revenues over (under) expenditures	60,874	(3,186)	(77,160)	(19,472)
Other financing sources (uses):				
Operating transfers in	<u>-</u>	<u>-</u>	<u>78,850</u>	<u>78,850</u>
Change in fund balances	60,874	(3,186)	1,690	59,378
Fund balances beginning of year	<u>404,668</u>	<u>28,790</u>	<u>51,801</u>	<u>485,259</u>
Fund balances end of year	<u><u>465,542</u></u>	<u><u>25,604</u></u>	<u><u>53,491</u></u>	<u><u>544,637</u></u>

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Combining Schedule of Net Fund Assets
Nonmajor Enterprise Funds

June 30, 2014

	Enterprise Funds		
	School	Daycare	Total
	Nutrition		
	\$	\$	\$
Assets			
Cash, cash equivalents and pooled investments	17,817	19,073	36,890
Accounts receivable	758	146	904
Inventories	12,894	-	12,894
Capital assets, net of accumulated depreciation	64,769	-	64,769
Total assets	<u>96,238</u>	<u>19,219</u>	<u>115,457</u>
Liabilities			
Payable to general fund	19,000	-	19,000
Salaries and benefits payable	16,709	12,901	29,610
Deferred revenue	6,485	-	6,485
Net OPEB liability	5,800	4,350	10,150
Total liabilities	<u>47,994</u>	<u>17,251</u>	<u>65,245</u>
Net position			
Investment in capital assets	64,769	-	64,769
Unrestricted	(16,525)	1,968	(14,557)
Total net position	<u>48,244</u>	<u>1,968</u>	<u>50,212</u>

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds

Year ended June 30, 2014

	Enterprise Funds		
	School Nutrition	Daycare	Total
	\$	\$	\$
Operating revenue:			
Local sources:			
Charges for service	176,732	50,448	227,180
Operating expenses:			
Non-instructional programs:			
Salaries	120,829	39,791	160,620
Benefits	39,810	13,381	53,191
Purchased services	1,422	-	1,422
Supplies	255,962	-	255,962
Depreciation	9,185	-	9,185
Total operating expenses	427,208	53,172	480,380
Operating income (loss)	(250,476)	(2,724)	(253,200)
Non-operating revenue:			
State sources	4,001	-	4,001
Federal sources	223,681	13,706	237,387
Interest income	8	-	8
Total non-operating revenue	227,690	13,706	241,396
Change in net position	(22,786)	10,982	(11,804)
Net position beginning of year	71,030	(9,014)	62,016
Net position end of year	48,244	1,968	50,212

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Combining Schedule of Cash Flows
Nonmajor Enterprise Funds

Year ended June 30, 2014

	Enterprise Funds		
	School	Daycare	Total
	Nutrition		
	\$	\$	\$
Cash flows from operating activities:			
Cash received from sale of lunches and breakfasts	176,684	-	176,684
Cash received from daycare services	-	54,113	54,113
Cash paid to employees for services	(170,611)	(49,861)	(220,472)
Cash paid to suppliers for goods or services	(224,273)	(118)	(224,391)
Net cash (used) provided by operating activities	<u>(218,200)</u>	<u>4,134</u>	<u>(214,066)</u>
Cash flows from non-capital financing activities:			
Loans from (repaid) to other funds	19,000	-	19,000
State grants received	4,001	-	4,001
Federal grants received	193,944	13,706	207,650
Net cash provided by non-capital financing activities	<u>216,945</u>	<u>13,706</u>	<u>230,651</u>
Cash flows from capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Interest on investments	<u>8</u>	<u>-</u>	<u>8</u>
Net increase (decrease) in cash and cash equivalents	(1,247)	17,840	16,593
Cash and cash equivalents at beginning of year	<u>19,064</u>	<u>1,233</u>	<u>20,297</u>
Cash and cash equivalents at end of year	<u><u>17,817</u></u>	<u><u>19,073</u></u>	<u><u>36,890</u></u>
Reconciliation of operating income (loss) to net cash used by operating activities:			
Operating income (loss)	(250,476)	(2,724)	(253,200)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:			
Commodities used	29,737	-	29,737
Depreciation	9,185	-	9,185
Decrease (increase) in inventories	3,601	-	3,601
Decrease (increase) in accounts receivable	(525)	3,665	3,140
(Decrease) increase in accounts payable	(227)	(342)	(569)
(Decrease) increase in salaries and benefits payable	(12,007)	2,009	(9,998)
(Decrease) increase in deferred revenue	477	-	477
(Decrease) increase in other postemployment benefits	2,035	1,526	3,561
Net cash (used) provided by operating activities	<u><u>(218,200)</u></u>	<u><u>4,134</u></u>	<u><u>(214,066)</u></u>

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet
Capital Projects Accounts

June 30, 2014

Assets	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	\$	\$	\$
Cash, cash equivalents and pooled investments	1,980,674	90,143	2,070,817
Receivables:			
Property tax:			
Delinquent	-	1,140	1,140
Succeeding year	-	113,606	113,606
Due from other governments	260,582	-	260,582
Total assets	2,241,256	204,889	2,446,145
Liabilities, Deferred Inflows of Resources & Fund Balances			
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	-	113,606	113,606
Fund balances:			
Restricted for:			
School infrastructure	2,241,256	-	2,241,256
Physical plant and equipment	-	91,283	91,283
Total fund balances	2,241,256	91,283	2,332,539
Total liabilities, deferred inflows of resources and fund balances	2,241,256	204,889	2,446,145

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Capital Project Accounts

Year ended June 30, 2014

	Capital Projects		
	Statewide Sales, Services and Use Tax	Physical Plant and Equipment Levy	Total
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	749,176	112,978	862,154
Other	-	2,700	2,700
State sources	-	57	57
Total revenues	<u>749,176</u>	<u>115,735</u>	<u>864,911</u>
Expenditures:			
Current:			
Support services:			
Instructional staff services	497,822	30,241	528,063
Operation and maintenance of plant	-	44,355	44,355
Other expenditures:			
Facilities acquisition	513,344	-	513,344
Total expenditures	<u>1,011,166</u>	<u>74,596</u>	<u>1,085,762</u>
Excess (deficiency) of revenues over (under) expenditures	(261,990)	41,139	(220,851)
Other financing sources (uses):			
Operating transfers out	<u>(78,850)</u>	<u>-</u>	<u>(78,850)</u>
Change in fund balance	(340,840)	41,139	(299,701)
Fund balances beginning of year	<u>2,582,096</u>	<u>50,144</u>	<u>2,632,240</u>
Fund balance end of year	<u><u>2,241,256</u></u>	<u><u>91,283</u></u>	<u><u>2,332,539</u></u>

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2014

<u>Account</u>	Balance Beginning of Year	Revenues	Expenditures	Intra-Fund Transfers	Balance End of Year
	\$	\$	\$	\$	\$
Basketball-boys	(561)	4,211	5,628	1,978	-
Football	(556)	10,160	6,654	(2,079)	871
Baseball	(653)	14,077	18,291	653	(4,214)
Track-boys	(295)	1,269	4,925	3,951	-
Golf-boys	(210)	44	693	859	-
Wrestling-coop	(560)	5,680	9,114	3,994	-
Volleyball fundraising	5,837	16,573	16,563	-	5,847
Volleyball	(352)	4,868	4,923	407	-
Softball	(326)	4,865	9,680	326	(4,815)
Track-girls	(144)	986	4,228	1,143	(2,243)
Golf-girls	(305)	-	684	989	-
Basketball-girls	(490)	7,836	5,026	(2,134)	186
Athletic fundraiser	(29,358)	29,735	6,670	6,425	132
Cross country	(221)	2,142	3,234	1,313	-
Middle school athletics	256	563	7,186	6,367	-
Football fundraising	903	6,040	7,020	322	245
Honor society	849	1,341	1,171	(128)	891
MS student council	39,212	14,290	2,785	(34,762)	15,955
Student council	2,122	1,883	11,812	8,883	1,076
TAG/FPS	(1,639)	337	210	1,779	267
Drama & speech club	6,581	-	690	(3,091)	2,800
Dance team	(347)	6,145	7,812	346	(1,668)
Elementary student council	1,703	-	-	(1,703)	-
Art activities	432	168	-	234	834
Cheerleading	(996)	2,537	7,681	968	(5,172)
Trap shooting	748	5,165	2,555	720	4,078
Senior class	152	836	1,369	481	100
Middle school	2,044	530	-	(873)	1,701
Sophomore class	496	786	711	(324)	247
Freshman class	785	703	697	(14)	777
Junior class	(2,022)	2,024	4,329	4,665	338
Interest	356	21	-	(377)	-
Jr. High magazine sales	973	47	-	(1,020)	-
Elementary magazine sales	2,798	-	-	(2,798)	-
Vocal music-JR/SR High	2,557	3,251	835	(540)	4,433
Middle school band fundraising	2,060	63	-	(1,030)	1,093
Choir robe rent	559	-	-	(559)	-
Instrumental music-JR/SR Hi	(54)	845	741	54	104
Band uniform rent	(741)	55	-	1,509	823
Elem vocal/instrumental music	876	-	-	-	876
Yearbook	(3,617)	10,569	9,914	3,004	42
District football	(62)	-	-	62	-
Total	28,790	160,645	163,831	-	25,604

See accompanying independent auditor's report.

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Schedule of Revenues by Source and Expenditures by Function
All Governmental Fund Types

For the Last Three Years

	Modified Accrual Basis		
	2014	2013	2012
	\$	\$	\$
Revenues:			
Local sources:			
Local tax	5,380,797	5,240,209	5,342,904
Tuition	373,137	592,684	402,340
Other	818,165	865,479	666,429
State sources	4,857,158	4,672,305	4,872,291
Federal sources	272,441	280,094	550,577
Total revenues	<u>11,701,698</u>	<u>11,650,771</u>	<u>11,834,541</u>
Expenditures:			
Instruction:			
Regular instruction	3,903,583	4,381,328	4,415,567
Special instruction	1,137,941	1,126,982	1,351,258
Other instruction	1,150,881	1,279,071	1,034,249
Support services:			
Student services	290,167	201,286	138,615
Instructional staff services	779,677	661,281	301,505
Administration services	900,592	944,029	1,073,785
Operation and maintenance	953,301	863,484	797,758
Transportation services	542,522	576,318	595,361
Other expenditures:			
Facilities acquisition	513,344	174,424	222,065
Long-term debt:			
Principal	345,000	330,000	430,000
Interest and other charges	43,175	56,150	75,338
AEA flowthrough	362,791	350,365	362,764
Total expenditures	<u>10,922,974</u>	<u>10,944,718</u>	<u>10,798,265</u>

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Independent Auditor's Report on Internal Control
Over Financial Reporting and on compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Education of
Central Springs Community School District:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Central Springs Community School District and of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated March 30, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Springs Community School District's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Springs Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Central Springs Community School District's Internal Control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in Part II of the accompanying Schedule of Findings and Responses as items 14-II-A, 14-II-B and 14-II-C to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central Springs Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an

opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Finding and Responses.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Central Springs Community School District's Responses to the Findings

Central Springs Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Central Springs Community School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Central Springs Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

BURTON E. TRACY & CO., P.C.
Certified Public Accountants

March 30, 2015

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

June 30, 2014

Part I: Findings Related to the Financial Statements:

Instances of Noncompliance:

No matters were reported.

Significant Deficiencies:

- 14-I-A Segregation of Duties: The limited number of personnel makes it difficult to achieve adequate internal accounting control through the segregation of duties and responsibilities, such as recording and processing cash receipts, preparing checks and bank reconciliations, processing payroll, preparing and posting general journal entries, preparation of journals and general financial information for ledger posting, and the analysis of financial information. A small staff makes it difficult to establish an ideal system of automatic internal checks on accounting record accuracy and reliability, although we noted the District had taken steps to segregate duties between the present personnel. This is not an unusual condition but it is important that District officials are aware that the condition exists.

Recommendation: We realize segregation of duties is difficult with a limited number of office employees. However, the District should review its procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

District Response: We will continue to review our procedures and implement additional controls where possible.

Conclusion: Response accepted.

- 14-I-B Financial Statement Preparation: Financial statement preparation is the responsibility of the District. At the present time District personnel do not have the skills necessary to be able to write the District's financial statements and the related note disclosures. This is not an unusual situation for small governmental entities.

Recommendation: District personnel should attend any governmental accounting and reporting training sessions that may be offered by the Iowa Department of Education, State Auditor's Office or Iowa Association of School Business Officials. The school business office should also have governmental accounting and reporting reference materials.

District Response: As a school we certainly understand the need for continuing education classes for all of our staff. However, we have a limited budget and must continually prioritize needs. At this point in time it is not cost effective to train our staff to the level necessary that would enable them to write the financial statements, nor is it feasible to hire additional employees that already possess the skills.

Conclusion: Response accepted.

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

June 30, 2014

Part I: Findings Related to the Financial Statements (continued):

14-I-C Signature Stamp: We noted that a stamp bearing the signature of the Board President is used to cosign checks. The board secretary, the other co-signer of the checks has access to the stamp. This practice negates the internal control procedure established by requiring two signatures on a check.

Recommendation: We recommend that this practice cease. The board may designate a person other than the board president to cosign checks. If a signature stamp is used, it should remain under the control of the person whose name the stamp bears at all times.

District Response: We will discuss methods to limit access to the signature stamp.

Conclusion: Response accepted.

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

June 30, 2014

Part II: Other Findings Related to Required Statutory Reporting:

14-II-A Certified Budget: Expenditures for the year ended June 30, 2014, exceeded the certified budget amount budgeted in the other expenditure function.

Recommendation: The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures exceeded the budget.

District Response: Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion: Response accepted.

14-II-B Questionable Expenditures: No expenditures we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

14-II-C Travel Expenses: No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

14-II-D Business Transactions: Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
		\$
Dave Luett, board member	repairs	898

The transaction does not represent a conflict of interest because the total for the year is less than the \$2,500 allowed by the code of Iowa.

14-II-E Bond Coverage: Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

14-II-F Board Minutes: No transactions requiring board approval that had not been approved by the board were noted.

14-II-G Certified Enrollment: No variances in the basic enrollment data certified to the Department of Education were noted

14-II-H Supplementary Weighting: No variances regarding supplementary weighting certified to the Department of Education were noted.

14-II-I Deposits and Investments: No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.

14-II-J Certified Annual Report: The Certified Annual Report was certified to the Iowa Department of Education timely.

CENTRAL SPRINGS COMMUNITY SCHOOL DISTRICT

Schedule of Findings and Responses

June 30, 2014

Part II: Other Findings Related to Required Statutory Reporting (Continued):

14-II-K Categorical Funding: No instances were noted of categorical funding being used to supplant rather than supplement other funds.

14-II-L Statewide Sales, Services and Use Tax: No instances of non-compliance with the allowable uses of the statewide sales, services and use tax revenue provided in Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education for the year ended June 30, 2014, the following information includes the amounts reported for the statewide sales, services and use tax revenue in the District's CAR including adjustments identified during the fiscal year 2014 audit:

	\$	\$
Beginning balance		2,582,096
Revenues/transfers in:		
Statewide sales, services and use tax revenue		749,176
Expenditures/transfers out:		
Transfer to Debt Service	78,850	
School infrastructure construction	1,011,166	1,090,016
Ending balance		2,241,256

14-II-M Deficit Balances: The District has a deficit unrestricted net assets of \$16,525 in the School Nutrition Fund at June 30, 2014. Also the Activity fund has a few accounts with deficit balances at June 30, 2014

Recommendation: The District should continue to monitor these accounts and investigate alternatives to eliminate the deficits.

District Response: We are working on ways to eliminate the deficit.

Conclusion: Response accepted.